

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA WATER COMPANY (U 133-W), for an Order pursuant to Public Utilities Code Section 851 approving a Reallocation Agreement with the City of Folsom, as directed by D.04-04-069.

Application 04-07-018
(Filed July 8, 2004)

TO: ALL PARTIES OF RECORD IN THE ABOVE-CAPTIONED PROCEEDING

NOTICE OF AVAILABILITY

The proposed decision of Administrative Law Judge (ALJ) Maribeth A. Bushey, previously designated as principal hearing officer and the alternate proposed decision of Commissioner Michael R. Peevey have been made available at http://www.cpuc.ca.gov/PUBLISHED/COMMENT_DECISION/53511.htm and http://www.cpuc.ca.gov/PUBLISHED/COMMENT_DECISION/53513.htm on February 10, 2006. The proposed decision orders Southern California Water Company (SCWC) to record revenue received from the City of Folsom in a regulated account for the benefit of ratepayers, and to prudently provide such water resources as are necessary to serve its public utility customers. SCWC's request for approval of a permanent lease pursuant to § 851 is denied; however, the City of Folsom's rights under § 851 are not changed.

Pub. Util. Code § 311(e) requires that the alternate item be accompanied by a digest that clearly explains the substantive revisions to the proposed decision. The digest of the alternate proposed decision is attached.

Any recipient of this Notice of Availability who is not receiving service by electronic mail in this proceeding or who is unable to access the link to the Commission's website given above may request a paper copy of the proposed decision and the alternate from the Commission's Central Files Office, at (415) 703-2045; fax number (415) 703-2263; e-mail cen@cpuc.ca.gov.

Comment and Review Period

The proposed decision and the alternate will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later. This matter was categorized as ratesetting and is subject to Pub. Util. Code § 1701.3(c). Pursuant to Resolution ALJ-180, a Ratesetting Deliberative Meeting (RDM) to consider this matter may be held upon the request of any Commissioner. If that occurs, the Commission will prepare and publish an agenda for the RDM 10 days beforehand. When an RDM is held, there is a related ex parte communications prohibition period.

When the Commission acts on these agenda items, it may adopt all or part of the decision as written, amend or modify them, or set them aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision and the alternate proposed decision as provided in Pub. Util. Code §§ 311(d) and 311(e) and in Article 19 of the Commission's "Rules of Practice and Procedure," accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 77.3 opening comments shall not exceed 15 pages.

Comments must be filed with the Commission's Docket Office. Comments should be served on parties to this proceeding in accordance with Rules 2.3 and 2.3.1. Electronic copies of comments should be sent to ALJ Bushey at mab@cpuc.ca.gov and Commissioner Peevey's advisor Rami Kahlon at rsk@cpuc.ca.gov. All parties must serve hard copies on the ALJ and the Assigned Commissioner, and for that purpose I suggest hand delivery, overnight mail or other expeditious methods of service. The current service list for this proceeding is available on the Commission's website, www.cpuc.ca.gov.

Dated February 10, 2006, at San Francisco, California.

/s/ ANGELA K. MINKIN

Angela K. Minkin, Chief
Administrative Law Judge

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Attachment

ATTACHMENT

A.04-07-018

Digest Explaining Substantive Differences from Proposed Decision:

Issue 1: Sufficiency of Water Resources – can Southern California Water Company (SCWC) meet its customers’ current and future water needs over the term of the permanent lease of 5,000 acre feet per year (AFY) of American River water rights to the City of Folsom?

Alternate Proposed Decision: Yes, the 5,000 AFY of water rights leased to Folsom are no longer useful in the provision of water utility service and that the Folsom water lease does not impair SCWC’s ability to provide service to the public.

Proposed Decision: SCWC can meet its customers’ current needs but the customers bear the risk that SCWC will require potentially more expensive replacement water resources in the future.

Issue 2: Section 851 Approval – should the transaction be approved pursuant to § 851?

Alternate Proposed Decision: SCWC’s application meets § 851 statutory requirements and adequately addresses the typical factors considered by the Commission in such applications, and should be approved.

Proposed Decision: The application does not meet the public interest because SCWC may one day need the water to serve its public utility customers, therefore approval should be denied.

Issue 3: Disposition of Lease Revenues – accounting and ratemaking treatment of lease payments from the City of Folsom.

Alternate Proposed Decision: finds that the lease is a sale of real property under § 790, and therefore payments should go entirely to the benefit of shareholders.

Proposed Decision: finds that lease is an off-system sale of water and therefore SCWC should record lease revenues in Account 607, Sales to Government Agencies by Contracts, for the benefit of ratepayers.

(END OF ATTACHMENT)